

Message Text

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PAGE 01 LIMA 08672 230234Z

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ACTION ARA-10

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FOR NSC - DAVID LAZAR; STATE - SPOKESMAN ROBERT FUNSETH;

ARA - SHLAUDEMAN FROM MAW

PASS ILA/USIA, TREASURY/PUBLIC AFFAIRS

E.O. 11652: N/A

TAGS: EDIS, EINV, EIND, EMIN, PFOR, PE

SUBJECT: WHITE HOUSE STATEMENT ON MARCONA

REF: A. LIMA 8673

B. EINAUDI - BROWNELL TELECON SEP. 21

1. BARRING UNFORESEEN DEVELOPMENTS WHICH WE WOULD COMMUNICATE THIS EVENING, INTERGOVERNMENTAL AGREEMENT ON MARCONA WILL BE SIGNED LATE TODAY, SEPTEMBER 22.

2. GOP WILL ISSUE SIMPLE STATEMENT TO BE CARRIED IN LIMA PRESS THURSDAY, SEPTEMBER 23. WE HAVE ASKED GOP TO EMBARGO ITS STATEMENT UNTIL THURSDAY A.M. TO ENABLE MAXIMUM PRESS COVERAGE IN U.S. ON BASIS OF USG STATEMENT WE ASSUME CAN BE ISSUED AT WHITE HOUSE PRESS BRIEFING 11 A.M. THURSDAY, SEPTEMBER 23.

3. PROPOSED WHITE HOUSE STATEMENT FOLLOWS:

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PAGE 02 LIMA 08672 230234Z

THE UNITED STATES HAS REACHED AGREEMENT WITH THE GOVERNMENT OF

PERU ON COMPENSATION FOR THE ASSETS OF THE MARCONA MINING COMPANY THAT WERE NATIONALIZED IN JULY 1975. PRESIDENT FORD HAS EXPRESSED HIS PERSONAL PLEASURE THAT THIS LONG AND COMPLICATED PROBLEM HAS BEEN RESOLVED TO THE SATISFACTION OF ALL CONCERNED. THE SETTLEMENT CONSISTS OF A CASH PAYMENT TO MARCONA, AND A CONTRACT FOR SALES OF PERUVIAN IRON ORE IN THE UNITED STATES THAT WILL INCREASE PERU'S FOREIGN EXCHANGE EARNINGS AND PROVIDE MARCONA WITH ADDITIONAL COMPENSATION. THE AGGREGATE VALUE OF THIS SETTLEMENT CONSTITUTES JUST COMPENSATION WITHIN THE MEANING OF THE LAWS OF BOTH THE UNITED STATES AND PERU. FULL DETAILS OF THE SETTLEMENT ARE CONTAINED IN AN INTERGOVERNMENTAL AGREEMENT, WHICH WILL BE MADE PUBLIC AS SOON AS IT IS APPROVED BY THE PERUVIAN CABINET. IN SUBSTANCE, THE COMPENSATION CONSISTS OF \$37 MILLION DOLLARS IN CASH, AND AN ORE SALES CONTRACT AT PRICES THE GOVERNMENT OF PERU ESTIMATES WILL PROVIDE MARCONA AN ADDITIONAL COMPENSATION OF \$22.44 MILLION, DOLLARS BUT WHICH, DEPENDING ON MARKET CONDITIONS, MAY ULTIMATELY PRODUCE MORE OR LESS COMPENSATION THAN THE VALUATION AMOUNT. FINALLY, MARCONA WILL RECEIVE APPROXIMATELY \$2 MILLION DOLLARS IN COMPENSATION FROM A PREVIOUSLY CONCLUDED SHIPPING CONTRACT. THIS AGREEMENT WILL HAVE A BROAD AND POSITIVE IMPACT. IT REMOVES AN OBSTACLE TO THE CONSTRUCTIVE RELATIONS TO WHICH BOTH GOVERNMENTS ARE COMMITTED. BECAUSE IT DEMONSTRATES THAT FAIR AND EQUITABLE TREATMENT FOR FOREIGN CAPITAL CAN BE ASSURED WITHIN THE PERUVIAN REVOLUTIONARY PROCESS, THE SETTLEMENT CONSTITUTES A POINT OF DEPARTURE FOR INCREASED PRIVATE AS WELL AS PUBLIC COOPERATION AND PRACTICAL PROGRESS ON A WIDE VARIETY OF FRONTS. THIS AGREEMENT MARKS THE SUCCESSFUL CONCLUSION OF PAINSTAKING NEGOTIATIONS THAT REQUIRED IMAGINATIVE EFFORT ON BOTH SIDES. THE UNITED STATES WAS REPRESENTED BY AN INTERAGENCY TEAM HEADED BY FORMER UNDER SECRETARY OF STATE CARLYLE E. MAW, ACTING AS SPECIAL REPRESENTATIVE OF PRESIDENT FORD. MR. MAW'S DEPARTURE STATEMENT IN LIMA THIS MORNING FOLLOWS.

4. MR. MAW'S STATEMENT, WHICH WILL BE ISSUED ON DEPARTURE AT AIRPORT 8 A.M. THURSDAY IS AS FOLLOWS: LAST FEBRUARY, SECRETARY KISSINGER SAID HERE IN LIMA THAT HE WAS CONVINCED THAT THE GOALS PERU AND THE UNITED LIMITED OFFICIAL USE

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PAGE 03 LIMA 08672 230234Z

STATES HOLD IN COMMON COULD DOMINATE OUR DIFFERENCES. IT WAS UP TO US, HE SAID "TO TRANSLATE OUR PEOPLES' IDEALS INTO CONCRETE ACHIEVEMENTS--THROUGH NEGOTIATION, NOT CONFRONTATION; THROUGH COMMON EFFORT, NOT DISCORD." THE AGREEMENT WE HAVE REACHED IS OF GREAT IMPORTANCE PRECISELY BECAUSE IT CONFIRMS THAT MUTUAL UNDERSTANDING AND EFFORT CAN RESOLVE THE MOST COMPLEX OF ISSUES IN AN EQUITABLE AND SATISFACTORY MANNER.

OUR AGREEMENT, MOREOVER, DOES MORE THAN REMOVE AN IMPEDIMENT. IT SETS THE STAGE FOR PRACTICAL PROGRESS TOWARD MORE EFFECTIVE COOPERATION ON MANY FRONTS, BOTH PUBLIC AND PRIVATE.

THE NEGOTIATIONS SUCCESSFULLY CONCLUDED YESTERDAY WERE LONG AND DIFFICULT. THE UNITED STATES GOVERNMENT ENTERED THEM NEARLY A YEAR AGO. AN AGREEMENT IN PRINCIPLE WAS REACHED LAST APRIL, AFTER EXHAUSTIVE TECHNICAL DISCUSSIONS HAD MADE THE POSITION OF EACH SIDE FULLY CLEAR TO THE OTHER. EVEN THEN, FINAL AGREEMENT OVER REMAINING DIFFERENCES REQUIRED NEARLY FIVE ADDITIONAL MONTHS.

I WOULD LIKE TO END ON A PERSONAL NOTE. IN 1827, A LIEUTENANT OF THE BRITISH NAVY CROSSED THE ANDES BY FOLLOWING THE RIVER MARANON. IN HIS JOURNAL, THE VISITING CONTEMPORARY OF PERU'S INDEPENDENCE RECORDED HIS WONDER AT THE POTENTIAL OF THE LANDS HE TRAVERSED AND HIS FAITH IN THEIR FUTURE. THIS YOUNG ENGLISHMAN'S NAME WAS HENRY LISTER MAW. NOW, NEARLY A CENTURY AND A HALF LATER, I HAVE HAD THE SAME PRIVILEGE AFFORDED MY ANCESTOR. I HAVE SEEN LESS OF PERU THAN HE DID--LESS THAN I WOULD HAVE LIKED. BUT, LIKE HENRY LISTER MAW, I HAVE BECOME AN ADMIRER OF THIS COUNTRY AND ITS PEOPLE.

I HAVE NOT KEPT A JOURNAL. SO LET THIS STATEMENT SUFFICE:

I BELIEVE IN PERU AND ITS FUTURE.

I BELIEVE THAT COOPERATION BETWEEN THE UNITED STATES AND PERU SHOULD BE STRENGTHENED TO ENCOMPASS THE FULL RANGE OF THE MANY INTERESTS WE SHARE.

AND I AM CONVINCED THAT THE PERSEVERANCE, GOOD FAITH, AND EFFORT DISPLAYED AMONG THE NEGOTIATORS ON BOTH SIDES IN REACHING AGREEMENT ON WHAT SOMETIMES APPEARED TO BE AN INSOLUBLE PROBLEM DEMONSTRATES THAT WE CAN--AND WILL--SUCCEED.

5. TO REPEAT: WE ASSUME ABOVE CAN AND WILL BE ISSUED UNLESS LIMITED OFFICIAL USE

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PAGE 04 LIMA 08672 230234Z

YOU OR WE SPECIFICALLY ADVISE OTHERWISE. WE BELIEVE IT IS VERY IMPORTANT TO OUR RELATIONS WITH PERU THAT THE AGREEMENT RECEIVE MAXIMUM FAVORABLE COVERAGE. SUGGESTED Q AND AS SENT REFTEL A.

6. UNLESS WE HEAR OTHERWISE, WE WILL RELEASE DRAFT WHITE HOUSE STATEMENT AS FINAL HERE IN LIMA 11 A.M. THURSDAY. PLEASE CONFIRM. EXEMPT
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